

ENERGIZE INDIANA

Transforming the Hoosier Economy

Technology parks and tax credits

Technology parks will create incubators for communities that seek high-tech business

Communities that wish to establish themselves as havens for high-tech research and business may get state assistance to launch certified technology parks, which serve as incubators to grow and nurture new ideas and high-tech enterprises.

During its special session, the 2002 General Assembly created the concept of certified technology parks, allowing local development commissions to raise money through tax-allocation areas to create and build tech parks. The legislation set out criteria for the kinds of businesses that can be located in the parks and encouraged support from an institution of higher education or a private research institute.

Energize Indiana, the economic-development plan passed by the General Assembly this year as House Enrolled Act 1001 and signed into law May 8 by Governor Frank O'Bannon, appropriated \$4.5 million a year for two years to assist communities in establishing technology parks and created the Technology Development Grant Fund in the Department of Commerce.

If state grants are used for capital expenditures, a community must provide matching funds, dollar for dollar, that may be raised either through the tax-allocation funds or in some other way. A tech park may receive up to \$2 million, which may be used for leasing, construction or purchase of capital assets. Another \$2 million may be received for operating expenses over four years for expenses related to business plans, marketing studies, mentor identification, securitization of capital, legal services and other necessary services.

Applicants must apply and receive a designation as an Indiana Certified Technology Park from the Department of Commerce. They also must commit to commercializing research produced at the tech park. Awards will be made on a competitive basis, based on the number of jobs created, the targeted employment sector and other goals established in the law.

Technology parks

What?

Communities may receive assistance to establish certified technology parks – incubators to nurture high-tech businesses.

How?

\$4.5 million a year in grants to redevelopment commissions to establish parks and help them operate.

Where?

Any community in the state that is willing to help itself is eligible for a grant. The research park in West Lafayette recently became the first in the state to receive certification; a park in Anderson is expected to seek certification soon; and there has been interest in opening parks in virtually every corner of the state.

Hoosier business investment tax credit

What?

A 30 percent credit on a qualified capital investment made by a taxpayer.

How?

A qualified investment includes the purchase of manufacturing and telecommunications equipment and computers; modernization of existing equipment and machinery; and costs associated with construction of buildings for use in computer, software, biological sciences or telecommunications industries. The EDGE board, which oversees the Economic Development for a Growing Economy, will determine eligibility.

Venture capital tax credit

What?

Investors in Indiana businesses may be eligible for a tax credit equal to 20 percent of the investment.

How?

A venture capital tax credit must be authorized by the Department of Commerce for qualified investments that are made to Indiana businesses that been certified by the department. The department may certify up to \$10 million a year in qualified investments.

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Research and development tax credit

What?

Businesses may claim a 10 percent credit on taxes for investment in research and development.

How?

The 10 percent credit was due to revert to 5 percent after 2004. But action by the General Assembly this year extends the 10 percent rate through 2013.

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